

# **Hobson Gardens On-Site Report**

## **Overview of Business**

Hobson Farm & Gardens grow 1,100 acres of peppers, silage and corn crops for wholesale accounts. In addition, they farm about 50 acres of specialty crops including: green & red peppers, watermelon, cucumbers, onions, garlic, summer squash and sweet corn for the retail market. In past years they have also grown pumpkins however have none planted this year.

Currently Hobson Gardens chooses to sell only what they grow with the exception of pecans and honey. If they sold anything other than their own homegrown products, they would be required to collect sales tax, which they don't want to do.

The retail market is contained in a portion of the 6,000 sq. ft. hay barn. The selling season is from August 1 – Christmas. The retail products are sold from open tables and no refrigerated cases are used for selling of product.

Annual gross sales change very dramatically (\$100,000 - \$300,000) based on crop yields and growing conditions. Poor production years have a major impact on their retail sales. The retail market does not use a cash register for retail sales and therefore a sales analysis by product was not available.

## **Chiles: a major retail component:**

Hobson's provides roasting for chiles as part of their \$11.00 bushel price. Dried chiles are also an important component of the retail business. Hobson's sell from 15,000 – 20,000 pounds of this product annually. In addition Hobson's will make and sell about a 1,000 ristras per year at an average selling price of \$22.00.

## **Existing target customers:**

A very strong percentage of customers are Hispanic purchasers with the large majority being older adults. No family purchasers were observed on the day of the visit.

## **Immediate Goals for Increasing Revenue:**

- **Attract new customers**
- **Evaluate existing products & add new product lines**
- **Review potential for increased Internet sales**
- **Explore new opportunities**

## **APPROACH TO FARM STAND**

The approach to and the immediate view of the farm stand make a good first impression, including the driveway entrance, the logo on the building as well as the clean grounds. The scarecrows in the field are fun and draw attention to the small plot of garden and tree area. A few changes can create an even more visually appealing experience.

### **Recommendations:**

- The directional road sign at the corner needs to be painted.

Looking at your market entrance from the parking lot there are no signs above the opening to identify a market inside. The building from the parking lot looks like a metal shed with no retail pizzazz.

- Make an attractive overhead sign for above the entrance. (See idea enclosed.)

- Repaint your logo again to the left of the entrance on the metal wall.
- Another lower cost sign alternative would be to get a banner from David Lucero NMDA to hang above the market opening. The banners have the New Mexico “Taste the Tradition” logo, and you can customize with the phrase “Market Entrance”.
- Identify your chile roasting area. (See idea enclosed.) This is a “show” area and should be identified so a customer can watch the roasting.

## **RETAIL MARKET INTERIOR**

The interior of your market is functional but very plain. You have no strong visual elements to create a favorable impression of your farm stand, let alone to promote the image that you are the “King of Peppers.”

### **RECOMMENDATIONS:**

- Paint red peppers all around the borders on your walls, bottom of your check stand and wall behind the check stand. Some of the peppers could even have smiling faces. (I believe Barbara even has a friend that could paint them.) The bright red color will add more life to your market when you don’t display the hanging ristras.
- Purchase some red pepper piñatas to hang from the ceiling.
- When you have ristras in season be sure and hang them everywhere inside the market.

- Your product pricing signs could be improved to look more professional. The NMDA has cardboard signs available with the “Taste the Tradition” logo. You fill in name of product and pricing. This cardboard would improve the look of your signage as well as reinforce New Mexico-grown products. Contact David about getting some of these signs.

## **RETAIL MARKET PRODUCTS & DISPLAY**

Because you elect to sell only what you grow, you are *limiting your sales and product selection to your customer*. This is a major challenge to growing your customer base. There are not many people today that have the time to visit various grocery stores or farm stands to buy their produce for the week. Today’s customers want one-stop shopping.

### **RECOMMENDATIONS:**

- Add the two most popular items in summer produce: tomatoes and sweet corn.
- Consider purchasing products wholesale from Graves Garden and other regional farmers. (NOTE: While visiting at Graves Garden I spoke to a man who operates a farm stand in Ruidoso. This gentleman (Pete) grows nothing himself. He only resells homegrown produce at his stand. He told me that he has no problem obtaining all the summer produce that he wants because he is willing to drive a distance to get the product.)

- Consider expanding your product line to include more processed foods including: jams, jellies, syrups, pepper products etc. I hope to have some more specific suggestions for you after visiting the New Mexico State Fair and meeting the producers in the Department of Agriculture food tents. Many of these vendors typically offer private-label packaging programs that print your logo on their merchandise.
- I would suggest that for at least a month whoever is working in the farm stand ask each customer at the checkout the following question.

**What other products would you like to see us sell?**

The responses should be recorded on a tablet. In a months time you will have a good idea of the types of products that you need to add to your market to increase your sales.

The pricing of your products is low compared to the Roswell Farmer's Market.

**RECOMMENDATIONS:**

- Raise your prices. People visit farm stands for quality produce, friendly personnel and good service. It is not necessary to undercut all of your pricing from the other shopping alternatives.

You have allocated a very large portion of wall space to the selling of pecans and dried gourds, which is not good utilization of your selling space.

**RECOMMENDATION:**

- The pecans are not well displayed to encourage large sales. The gourds take up too much space for their value. Turn this space into sales of the processed food category as listed above.

## **SCHOOL TOURS**

You are the only farm that I know of in the United States that does not charge for school tours. School tours are an important educational component that farms can offer our children but you should be compensated for doing so. School tours can become a profit center for Hobson Gardens.

**Recommendation:**

- Charge \$3.00 per child for a program lasting 45 minutes to an hour.

Create marketing materials and a marketing plan for School Tours.

**Recommendation:**

- Develop a school tour flyer that could be mailed to area schools to promote your program. Eckert AgriMarketing would be happy to work with you to create this flyer. During my visit I gave you two samples of Eckert brochures and another sample is enclosed.

Pumpkin tours are popular and profitable.

**Recommendation:**

- Visit Howard Mc Call of McCall Land and Cattle outside of Albuquerque to see how they handle tours. David Lucero has been told by Mr. Mc Call they can host up to 1,000 children a day for pumpkin tours. (See resource sheet.)

Develop the appropriate educational component for School Tours.

**Recommendation:**

- Contact the New Mexico Farm Bureau for its “Ag in the Classroom” program curriculum that it supplies to teachers. This is a good starting point to develop your tour content. (See resource sheet for contact.)

## **WEBSITE MARKETING**

You currently have a Hobson’s Garden website selling chile peppers, ristras and other pepper products on the Internet. However you are not “capturing” sales efficiently from your web visitors. The entire impulse of Internet purchase is lost if you require the buyer to call you to buy a product.

**Recommendations:**

- Change your website to be able to take orders on line. Many people are shopping at all hours of the day and don’t want to make a call. Make it easy for your customer to order from you and your sales will increase.
- Sign up with a retail storefront such as Yahoo Store to host your retail business. Yahoo Store will handle the credit card processing (either through your merchant account or theirs), provide the shipping computation based on weight and zone and compute the sales tax. (See enclosures about Yahoo Store)

You are currently requiring the customer to call you with his address & zip code, in order to calculate postage.

**Recommendation:**

- Develop a standard way to calculate shipping costs right on the web site. Most Internet shippers and catalogers have a chart showing a set fee based on the total amount of sale or a single amount by item. In this way you come up with an average shipping charge based on zone five or six or use your historical shipping average for each different weight of container.



- Yahoo Store or other comparable online service providers offer several methods to calculate these charges. Research these providers and work with your web designer to create the chart.

In conducting an Internet search, I typed in the key words “green chiles shipped” and had 850 hits! Your name was not listed in the first 100 entries. In order to increase your sales Hobson Garden’s website should appear at least on the first page of the search.

**Recommendations:**

- Find a web designer who knows how to design a storefront and key words to get more traffic to come to your website and get your name to appear high on the list in the various search engines. A firm that has been recommended to me is: [www.ystore.com](http://www.ystore.com) (See enclosure from ystore.)

Your pricing is comparatively low.

**Recommendations:**

- Raise your pricing. In a search of the Internet I found that green chiles shipped for up to \$40.00 a bushel. At your price of 45 cents per pound a forty pound bushel costs \$18.00. Average Ristra pricing was \$15.00 a foot and yours is less than \$10.00 a foot. By adding the cost of a storefront, credit card fees and a web designer you will definitely need to increase your pricing to cover these new costs.

The gift card you include in your packaging looks nice, and the recipe enclosures and the Ristra card all are attractive additions. But you can make slight improvements.

**Recommendations:**

- In addition to your phone number, also include your address and website so that gift recipients can contact you to purchase more product.

## **PUMPKIN SEASON**

The fall/pumpkin season has become one of the largest and most profitable months of the year for family farms across the United States including New Mexico. Halloween sales are second only to the Christmas season. There are family farms that have developed the October business to be their primary selling season of the year. Whether the pumpkins are grown on the farm or purchased wholesale, October pumpkin sales are sustaining many family farms.

### **RECOMMENDATIONS:**

- Locally pumpkins can be purchased for five cents a pound in New Mexico and are typically sold for twenty cents a pound. Profits can be made reselling pumpkins.
- Create fall festivals to tie-in to pumpkin harvest to produce additional revenue for the farm. Money making activities include: corn mazes, face painting, pony rides, food concessions, crafts, children's games, painted pumpkins plus other activities to entertain all ages in the family.
- Visit Anna Lyles at the Mesilla Valley Corn Maze in Fairacres this year to observe the potential of pumpkins and fall events. (See resource sheet.)

## **ADVERTISING AND MARKETING**

In order to critique your advertising expenditures and make recommendations, I would need a more comprehensive listing of the media used, frequency and copy. I did not receive enough information to be able to provide you a review of these expenditures. A benchmark number for advertising expenditures is that farm markets are spending between four to six percent of sales in order to grow their business. Some markets are spending up to ten percent of sales on advertising.

## **EVENT MARKETING**

You have an attractive area to host events throughout the season at your farm. Event marketing has the potential of attracting new customers to your farm and increasing your sales. Young families like to spend time with their children in a farm setting for the experience and fun.

- Events can be planned to tie-in to peak harvest periods to assist in sales.
- Events should have a theme often connected to a specific crop harvest or holiday.
- A chile festival would be a natural choice for Hobson's.
- You can also provide your farm as a host site for other community sponsored events such as Art Exhibits, Antique Fairs, Flea Markets, etc. Due to your easy accessibility, large parking area and open space you should be able to find a community group that will do the work for your event in exchange for a portion of the proceeds.

## **Hobson Gardens Resources**

School Tour Curriculum  
New Mexico Farm Bureau  
Jennifer Hopper  
Ag in the Classroom  
Curriculum Coordinator  
Las Cruces, New Mexico  
505-532-4700  
[www.nmfb.org](http://www.nmfb.org)

School Tours & Fall Festival  
Howard McCall  
McCall Land and Cattle Co.  
1524 Eubank NE, Ste. 5  
Albuquerque, NM 87112  
Farm located in Moriarty  
505-379-4333  
[www.mccallcattle.com/pumpkinpatch](http://www.mccallcattle.com/pumpkinpatch)

Corn Maze  
Anna Lyles  
Mesilla Valley Corn Maze  
PO Box 388  
Fairacres, NM 88033  
505-526-1919

Animal Feed/gumball machines  
[www.123vending.com](http://www.123vending.com)  
1-888-525-6115.  
The machines start at \$49.95 and pay for themselves and the feeding and upkeep of animals.